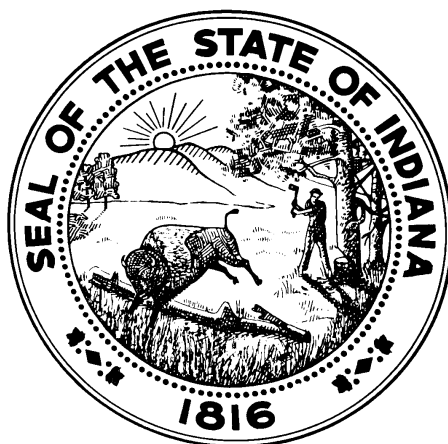


**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

EXAMINATION REPORT  
OF  
BAILEY-COX-NEWTSON CONSERVANCY DISTRICT  
STARKE COUNTY, INDIANA  
January 1, 2006 to December 31, 2007



**FILED**  
07/16/2008



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Financial Clerk	Todd Lawrence	01-01-06 to 12-31-08
Chairman of the Board	Todd Lawrence	07-01-05 to 06-30-09



# STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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## INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF BAILEY-COX-NEWTSON  
CONSERVANCY DISTRICT, STARKE COUNTY, INDIANA

We have examined the financial information presented herein of Bailey-Cox-Newtson Conservancy District (District), for the period of January 1, 2006 to December 31, 2007. The District's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the District for the years ended December 31, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

April 23, 2008

BAILEY-COX-NEWTSON CONSERVANCY DISTRICT  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL FUND TYPES  
As Of And For The Years Ended December 31, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 60,822	\$ 128,361	\$ 123,955	\$ 65,228
Cumulative Maintenance	3,187	-	1,134	2,053
Debt Service	3,877	24,249	31,869	(3,743)
Totals	<u>\$ 67,886</u>	<u>\$ 152,610</u>	<u>\$ 156,958</u>	<u>\$ 63,538</u>
	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 65,228	\$ 172,025	\$ 184,177	\$ 53,076
Cumulative Maintenance	2,053	1,632	1,035	2,650
Debt Service	(3,743)	30,711	32,469	(5,501)
Totals	<u>\$ 63,538</u>	<u>\$ 204,368</u>	<u>\$ 217,681</u>	<u>\$ 50,225</u>

The accompanying notes are an integral part of the financial information.

BAILEY-COX-NEWTSON CONSERVANCY DISTRICT  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The District was established under the laws of the State of Indiana. The District provides the following services: ditch maintenance and general administrative services.

Note 2. Fund Accounting

The District uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the District in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the District on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the District to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 6. Long-Term Debt

The District has entered into debt such as bonds for additions and improvements to the drainage and flood control system of the District. The outstanding principal at December 31, 2007, was \$339,000.

BAILEY-COX-NEWTSON CONSERVANCY DISTRICT  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF LONG-TERM DEBT  
December 31, 2007

The District has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Bonds payable:		
2003 Refunding Bonds	\$ 339,000	\$ 31,652



BAILEY-COX-NEWTSON CONSERVANCY DISTRICT  
EXAMINATION RESULTS AND COMMENTS

OFFICIAL BOND

The following official bonds were not filed in the office of the County Recorder:

Todd Lawrence, Financial Clerk    January 1, 2006 to December 31, 2008

A similar comment was in prior Reports B18352, B22524 and B28144.

Indiana Code 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder. . . ."

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

An independent contractor hired by the Conservancy District has not been issued a Form 1099 for the years 2006 and 2007 as required by the Internal Revenue Service. A similar comment was made in prior Reports B18352, B22524, and B28144.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10-5)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue service and the Indiana department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10-6)

APPROPRIATIONS

The records presented for examination indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Debt Service	2006	<u>\$     350</u>

Indiana Code 6-1.1-18-4 states: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

BAILEY-COX-NEWTSON CONSERVANCY DISTRICT  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

OVERDRAWN CASH BALANCES

The District's Checking Account was overdrawn at the end of 2007 by \$863.07.

The cash balance of any fund may not be reduced below zero. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10-12)

OVERDRAWN FUND BALANCES

The Debt Service Fund was overdrawn at the end of 2006 and 2007 by \$3,743.29 and \$5,501.52, respectively.

The balance of any fund may not be reduced below zero.(Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10-12)

PENALTIES, INTEREST AND OTHER CHARGES

Information presented for examination indicates that the District was charged and paid \$33 for insufficient funds on their checking account. In some cases, amounts payable to REMC are not being paid until after the due date. Delinquent fees of \$78.81 were incurred and paid as a result of this practice.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

(Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10-12)

BAILEY-COX-NEWTSON CONSERVANCY DISTRICT  
EXIT CONFERENCE

The contents of this report were discussed on April 23, 2008, with Todd Lawrence, Financial Clerk and Chairman of the Board. The official concurred with our findings.